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Christmas Book Number

# COMMONWEALTH DIGEST

and WORLD ECONOMIC REVIEW



Digest  
Spotlight

on

Miss  
**CHRISTINA FOYLE**

Also in this issue—

**ROUND THE  
COMMONWEALTH**

**INFLATION**

**THE  
NEW COMMUNIST  
CLASS**

**DIGEST REVIEWS**

see pages 336—343

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## Commonwealth Digest

and World Economic Review

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# COMMONWEALTH DIGEST

and

## WORLD ECONOMIC REVIEW

(Founded in 1947 as ECONOMIC DIGEST)

DECEMBER 1960

VOLUME 1

No 11

*Digest Spotlight focuses on*

### MISS CHRISTINA FOYLE a Director of Foyles Bookshop

IN this Christmas Book Number of *Commonwealth Digest and World Economic Review* we focus our Spotlight on Miss Christina Foyle. For she bears a name which has become world-famous wherever books are bought or sold. A daughter of Mr. W. A. Foyle, founder of the bookshop in the Charing Cross Road, Miss Foyle is a director who plays a very active part in the many enterprises in which Foyle's are now engaged.

Perhaps the best known of these are the literary luncheons which Christina Foyle launched when she was only nineteen. Over 290 luncheons have been held and Miss Foyle has been hostess to a truly remarkable range of celebrities. They range from Bernard Shaw to the Emperor of Ethiopia, from Schnozzle Durante to Earl Attlee, from Dylan Thomas to Bertram Russell. They include H. G. Wells, President

Benes, the present Archbishop of Canterbury, Sir Anthony Eden, to name only a few. The most recent guest of all was Gracie Fields.

Another of Christina Foyle's successful ventures is the Book Club with no less than half-a-million members, it is now one of the most important branches of Foyle's business. Miss Foyle is also concerned with a publishing house, an art gallery, and a printing department. In 1944 a Lecture Agency was established which now has 300 discussion groups and clubs on its books. Miss Foyle is herself much in demand as a lecturer; she has many distinguished names on her list.

The story of Foyles bookshop is one of remarkable achievement from humble beginnings. Two brothers, William and Gilbert Foyle started their selling activities in Islington in a room they rented for five shillings a week. From this modest start they

made sufficient progress to move to more ambitious premises in Charing Cross Road. In 1929 brave dreams were realised when the then Lord Mayor of London officially opened the new premises which stand today. It is estimated that they contain some thirty miles of shelving to house their stock of something like four million books.

William Foyle, the founder of the firm, is still in control of Foyle's vast organisation, but his daughter Christina plays a major role in directing

many of the firm's activities and this is no light task. With thirty-two departments dealing with every conceivable topic and a well-deserved reputation for being able to supply works on the most out-of-the-way subjects, Foyles Bookshop is a centre for many visitors from overseas, including many students from Commonwealth countries.

With so much responsibility, Christina Foyle yet finds time for a lively interest in music, she also sails and skis.

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## Asian Balance Sheet

THE United Nations survey of the situation in 1959 in Asia and the Far East brings out the following main points:

1959 was, in general, a year of improvement after the moderate setback of the previous year, following adverse weather in the autumn of 1957 and the slow-down of industrial progress in Japan and India;

Volume of exports increased for all countries, and prices improved in step with the recovery of industrial countries from the 1957-8 recession;

Agricultural and industrial production established new records;

Production of food grains available mainly for consumption in 1959 was 11 per cent higher than the year before, thanks to bumper harvests.

*From Far East Trade*

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The Canadian Government wants to see a constant improvement in its trade relations with the United Kingdom and the Commonwealth. In this respect, it is encouraging to note that within the last three years our commodity imports from the United Kingdom alone have increased by 16% while our exports rose by 9%.

*Rt. Hon. John Diefenbaker, Q.C., M.P., Prime Minister of Canada*



## Round the Commonwealth

### (1) FEDERATION OF RHODESIA AND NYASALAND

#### ECONOMIC PROGRESS—IN REAL TERMS

IT is estimated that the African population of the Federation of Rhodesia and Nyasaland (7,890,000 in December 1959) doubles itself every 23 years. An annual increase in national income as such is therefore not enough if the standard of living of the whole population is to be progressively raised. What must be achieved is the highest possible rate of increase per capital in real terms.

Thus in 1959, a year when the Federation achieved record figures in:

Net national income—which rose by more than £50,000,000 (an increase of 13% over the 1958 figure and 45% over the 1954 figure);

Gross domestic product—which reached £513,766,000 (compared with £449,248,000 in 1958);

Volume of exports—which reached a peak value of £186.9 million.

*Gross national income per head in real terms* (i.e., at constant 1954 prices) increased by 10% over the previous year.

### (2) STEEL INDUSTRY FOR NEW ZEALAND

THE project for an iron and steel industry in New Zealand is developing. The proposal is to use the very extensive deposits of titaniferous iron sand on the west coast beaches, a project which attracted attention for a number of years. More than 50 years ago, smelting was carried out by the Onekaka Iron Co. but without success, and since then nothing further has been done until recently. Private interests investigated the project, and a proposal was considered for a joint operation by the New Zealand Government and private organizations. This proposal failed because of the impossibility of reconciling the conflict of interests between the proposed private participants.

The Government has now decided to undertake the venture itself. A steel industry investigation company will be established immediately with a capital of £N.Z.250,000, as a state enterprise. Previous plans provided for a 49% participation by private interests, but the new plan gives the state full control. The company will investigate the potential of the iron and steel industry, based on the iron sands. If the outcome is satisfactory, it is indicated that the ultimate operating company will need a capital of some £30,000,000, in the provision of which private interest could take part.

*From The Mining Journal*

### (3) TAXATION ANOMALY

In some respects British companies operating in Australia suffer tax disadvantages by comparison with locally incorporated companies. Will the Chancellor of the Exchequer review this situation? Sir DENYS LOWSON, chairman of Australian Estates Company Ltd., here details the position

PROFITS made in Australia are, of course, subject to Australian taxation, but a particular point arises as regards United Kingdom taxation and the relative reliefs available in respect of taxes already suffered in Australia. In the Finance Act, 1957, an attempt was made to remove some of the disadvantages suffered by United Kingdom companies operating overseas, as compared with locally incorporated companies. Provision was made whereby an overseas trade corporation (that is, briefly, a company resident in the United Kingdom and trading only overseas, or a non-trading company all of whose United Kingdom subsidiaries are overseas trade corporations) was granted special treatment as regards United Kingdom taxation. This was to the effect that its overseas trading income should be free from profits tax and should bear United Kingdom income tax only to the extent that it was distributed in the form of dividends or otherwise, profits which were ploughed back being exempt from income tax.

It may be mentioned that, in respect of United Kingdom tax payable on such distributions, relief is granted on account of the Dominion tax paid on the same profits, and as a result of the particular method of calculating the Dominion tax, this

relief in many cases eliminates liability to United Kingdom tax altogether or reduces it to quite a small amount.

The above treatment gives the intended reliefs to a United Kingdom principal or subsidiary company which is trading through branches overseas. It does not, however, cover the case of an overseas subsidiary, whose dividends in the hands of the parent company are still taxed in the ordinary way, subject only to the normal taxation relief. There can thus be a considerable difference in the amount of United Kingdom taxation payable, depending on whether the Company chooses to trade through overseas branches or through subsidiaries locally incorporated.

During the debates on the Finance Bill in 1957 and in each year since, efforts have been made to persuade the Chancellor of the Exchequer to remove the present anomaly and to grant to overseas subsidiaries the same United Kingdom treatment as is accorded to branches. The effect of this should clear the way for a company wishing to operate in an overseas territory—as for example, Australia—to do so in the manner deemed to be generally most advisable and in keeping with the present trend of thinking and development, and not necessarily in the way which reduced the tax bill to a minimum.

*From News from Melbourne (Victoria Promotions Committee)*

#### (4) TRADE AND AID IN THE COMMONWEALTH

SINCE the spirit of adventure and risk have dwindled the main incentives behind emigration are greater security and more money. In a world where nothing of a political nature seems very secure the most powerful attractions appear to be economic. The enterprising individual rather than the man happiest in a crowd makes most progress and settles down quickest in a new country.

The impression still seems to exist that because doctors, nurses, teachers, engineers and scientists emigrate from the U.K. there is a loss to ourselves and a gain elsewhere. Surely this is an all-round gain because if we strengthen the man-power and resources of the Commonwealth as a whole, we strengthen ourselves. In order to obtain the optimum rate of economic progress, the developing countries not only need private capital but also the managerial skill and technical knowledge which comes with direct investment. These the

U.K. could supply in good measure. After all it is people who count.

The importance of the U.K. supplying the white settled areas of the Commonwealth with 50% of their immigration requirements cannot be too strongly urged. If this is not achieved they will go to W. Europe, and in time this could lead to a switch of trade from the U.K. In fact this situation may already have arisen; for example: Australia's exports to the U.K. in 1959-60 fell to 25%, the lowest ever recorded. During the same period the U.K. provided about 35% of the imports. Before the war the figures were 50% and 40% respectively.

Too much lip service is being paid to Commonwealth development. There is no question of choosing whether we trade with the Commonwealth, with Europe, or with the rest of the world. Past history has shown that the more the Commonwealth countries trade with one another, the greater becomes their share of world trade.

*From Commonwealth Migration Council Newsletter*

#### (5) COMMONWEALTH—EUROPE

... THE conference in London of the Ministers of Finance of the Commonwealth surprisingly brought to light a strong opposition of the Commonwealth against the plans of closer ties between Great Britain and Western Europe. It is quite clear from the speeches of the Ministers that any attempt of Great Britain to touch the preference system could

even jeopardize the cohesion of the Commonwealth. Admittedly, they recognised that the problem of Europe is, for Great Britain, exceptionally urgent. The Commonwealth, however, does not consider it to be its task to pay the price for the inclusion of Great Britain in Western Europe.

*From Der Tages Spiegel (Berlin)*

## (6) CONSUMER CREDIT OUTSTANDING IN CANADA

(Millions of Dollars)

End of Year or Quarter		Charge Accounts	Instalment Credit	Personal Cash Loans	Total	Consumer Credit as % of Personal Disposable Income
1950		255	401	393	1,049	8.3%
1951		283	309	399	991	6.8
1952		300	616	490	1,415	8.9
1953		340	803	618	1,761	10.5
1954		363	820	718	1,901	11.3
1955		394	982	920	2,296	12.6
1956		415	1,178	1,053	2,646	13.1
1957		378	1,275	1,086	2,739	13.0
1958		406	1,277	1,318	3,001	13.3
1959	I	362	1,226	1,380	2,968	12.6
	II	368	1,282	1,502	3,152	13.1
	III	391	1,317	1,568	3,276	13.7
	IV	431	1,368	1,588	3,387	14.1
1960	I	380	1,322	1,582	3,284	13.5
	II	399	1,395	1,690	3,484	*

\*Not available.

*From The Bank of Montreal Business Review*

## (7) INDEPENDENCE SLIPS IN CANADA

CANADIANS must produce more of the goods they need instead of importing them and must stop running into debt with other countries, James E. Coyne, Governor of the Bank of Canada, told the Canadian Chamber of Commerce. These things must be done, he said, if Canada is to retain her independence. They could be done without inflation and without any substantial loss in the Canadian standard of living, by putting Canada's unemployed persons and facilities to work on things now imported. There was no financial obstacle to accomplishing these things.

He indicated, however, that Canadians—already large savers—would

have to put more of their money to work on the desired objectives.

He said he was not getting into an argument about free trade versus protection, because this was beside the point. By his proposals, the proportion of Canada's manufacturing in the economy would go up.

Mr. Coyne said Canada is at perhaps the most critical crossroads in her history and added:

"Economic developments and pre-occupation with economic doctrines of an earlier day are pushing us down the road that leads to loss of effective power to be masters in our household, and ultimate absorption in and by another.

"A nation cannot truly call itself

a nation or provide a satisfying way of life to the many varieties of people within its boundaries, unless it can achieve full diversification of its economic activities.

"Primitive peoples, backward nations, seriously under-developed nations, obviously cannot do this for a long time to come. Canada can do it now."

## (8) PAKISTAN'S GAS FOR INDIA

QUARRELS between neighbours are an expensive luxury which poor countries cannot really afford, and a heartening instance of the removal of the artificial barriers these can create is the recent agreement in principle that India should buy Sui natural gas from Pakistan. This decision was taken during the recent talks between Mr. Nehru and President Ayub Khan. That the purchase of Sui gas could be an attractive proposition has always been recognized in New Delhi. Only the long outstanding political differences blocked the way: fuel was considered far too strategic a commodity to be traded with a country with which relations were far from satisfactory. Now with the Indus waters problem agreed upon, and other problems (except Kashmir) nearing solution, the Indian and Pakistani Governments feel able to take a more rational view of problems of reciprocal trade.

### Averting India's shortage

No precise estimate is yet available of the quantity of Sui gas that India will buy, but it is likely to be large.

*From Petroleum Press Service*

There are still large uncommitted reserves at Sui and other gas discoveries have been made near by. Total recoverable reserves in West Pakistan have been put as high as 11,000,000 million cu. ft., equivalent in calorific value to some 250 million tons of oil. The unexploited gasfield discovered by Stanvac at Mari, with reserves of 2,800,000 million cu. ft. has already been spoken of in connection with the export of gas to India, while Pakistan Petroleum (Burmah Oil and local capital) besides its Sui gasfield has unexploited reserves at Uch, of 2,500,000 million cu. ft., Khairpur 250,000 million, Kandhkot 200,000 million, Zin 100,000 million, and Mazarani 30,000 million cu. ft.

India is already faced with a fuel shortage and with more than 80 per cent of her coal concentrated in the east and a crowded railway system, the areas adjacent to West Pakistan are likely to suffer most seriously from it. Gas from Pakistan can greatly help, both in the Punjab if the pipelines are extended to Lahore, and farther south.

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We did not like the Six; we were unenthusiastic about the Seven; we have an almost superstitious abhorrence about the thirteen."

—Mr. A. NORDMEYER, *Finance Minister, New Zealand.*

## Return to Normal?

By Sir ROY HARROD

IT is beginning to look as if the restraining measures undertaken earlier in the year were overdone. The production index has remained flat since March. It is quite true that we could not expect the rate of increase in 1959 to be maintained indefinitely, but some substantial further increase was due in 1960. What occurred in 1959 was not sufficient to make up for the leeway of the three previous years of stagnation. We cannot acquiesce in the hypothesis that our progressiveness and power to increase output per head is lower than that in other industrial countries.

Of course we must avoid 'overheating' due to a substantial excess of aggregate demand, such as we had in 1955 and the Germans now have. There, the inflow of orders to industry began to exceed deliveries in 1959. They exceeded them by 9 per cent on the average of the year. This year the excess has been even greater. In the capital goods industries the excess was 13 per cent in 1959, and has mounted to 36 per cent in the first half of 1960, though it appears now to be abating. In June of this year, the number of unemployed persons was 134,000 while the number of unfilled vacancies was 504,000. The monetary authorities have adopted stern measures of restraint. This position of excess demand is in complete contrast with the present British position.

The American pattern appears to

resemble our own more closely. There the production index has been flat since January, the month in which a peak was reached after the incidence of the 1959 strikes. Meanwhile orders have fallen short of production and production has exceeded sales. Only on the side of exports has there been a big expansion. This may have been due in part to a backlog left over from the difficulties of 1959, and partly to the 'export drive'; an expansion of exports was much needed to restore the U.S. external balance.

### Relaxation of restriction

Continental exports, on the other hand, have been falling, like ours. It seems that we may now be confronted with a 'pause' in the expansion of the world economy. In such circumstances it is needful for each country to maintain activity, both in its own interest and as its contribution to expansion in the free world.

Accordingly it seems that some relaxation of restrictions here is called for. While the authorities have been making efforts in recent years to keep the economy on an even keel, it seems that more science will be required, if success is to be achieved. From this point of view it might be expedient, in relation to policy measures, to frame some idea of a 'normal' condition. At certain phases restrictions would be required,

*From The Director, Journal of the Institute of Directors*

to prevent a departure from the normal in the direction of 'over-heating', and in other phases special inducements to expansion would be required. It is likely that these departures from normal should be put into operation for *short periods* only, namely to stop any undue gathering of momentum in acceleration or to stop a downward spiral.

The 'normal' might be defined as follows. The long-term interest rate should be between 3 per cent and 4 per cent. This has not been an orthodox view lately, but no reasoned case against it has been made. The 19th century was not a period of inflation; on the contrary, after 1815 prices moved downwards on average. But the country had a very steep population increase, which is the biggest component in the requirement for new capital, and maintained, especially in the later part of the period, overseas investment at a far higher rate in proportion to national income than we have (or have even contemplated having) now. Yet all this was done comfortably at the interest rate I have indicated without inflationary tendency. It is a fallacy to suppose that the high rate recently has been due to an insufficiency of savings to meet capital requirements. The true explanation is not far to seek: it has been due to a deliberate reduction of the ratio of money (in the sense of bank deposits) to the money value of the national income; it is now much below that in 1953, a fairly normal year, and below 1938, when there was certainly no inflation. If this restrictive policy was reversed,

the gilt-edged rate of interest would come down naturally.

It is true that we now have the complication of the yield on good equities being below the gilt-edged rate, for reasons that are well known. The yield on good equities should *not* be regarded as in any sense the current rate of interest. Part of the present market value of shares is due to the expectation of increases in dividends at some future date. If it was known that no such increases could occur, the yield on the equities would move straight away above the gilt-edged yield. To put the matter in another way, the current rate of interest, as indicated by the yield on equities, should be calculated, not on the market value of those equities, but on what the market value would be, if it was stripped of all element of an expectation of a future rise in dividends.

In the 'normal' state, the Budget should be balanced, with perhaps some moderate above-the-line surplus, such as £100 million, to allow for contingencies during the year. The expression 'below-the-line deficit' is objectionable, since the below-the-line items are capital expenditures, and it would be normal for these to be met out of borrowing and not out of current taxation—except in circumstances when a fight against inflation was on. In the 'normal' state there would be no hire purchase restrictions.

A normal level of capital outlay in the public sector is less easy to define. Generally the level of such expenditures should be geared to the



long period potential. If growth in other parts of the economy seemed to be flagging persistently, then one would be liberal in one's estimate of the amount of capital outlays that could be permitted in the public sector; and conversely. Only parts of these outlays are amenable to variation to suit the ups and downs of the trade cycle; but the possibility of varying such parts should be used more actively than it is at present.

### Investment

Similarly that part of overseas investment that is amenable to the influence of public policy should be geared to the long-term production potential of the economy. It is to be stressed that the amount that we can afford for such investment depends primarily on internal productive capacity. To the extent that there are balance of payments difficulties, these should be met by linking the provision of finance to the purchase of British goods, so that the external balance of payments would not be adversely affected. Loans to help under-developed countries that are channeled through the World Bank do not normally have a bad effect upon the external balance, since it is the usual practice of the Bank to use its sterling only to meet the requirements of borrowers for purchases in the sterling area. But the World Bank cannot be expected to borrow much in London, so long as interest rates are so high. For it does not wish to impose heavy service charges on the under-developed countries.

'Investment allowances' do not appear to be part of a 'normal' state

of affairs and are mainly a waste of the taxpayers' money. The right way to encourage fruitful investment is to make depreciation allowance rates flexible in accordance with the option of each firm. This would be highly stimulating to growth in the most progressive sectors. This method could also be used in relation to the trade cycle, the option for high rates being temporarily suspended in periods of over-heating. This would give the accountants some bother, but this should be accepted in relation to so great a task as that of getting a steady rate of growth in the economy in accordance with its maximum potential.

There is the problem of the external balance. To off-set short-term fluctuations, variations in the short-term rate of interest may be useful. In the first half of 1960 the short-term rate appears to have been too high, for there has been no point in attracting hot money as manifested by an increase of £60 million in the gold reserve at the end of June and an increase of £64 million in sterling balances held abroad. The high interest rate has to be paid, not only on part of these extra unwanted balances, but also on part of the whole mass of externally held balances (£4,275 million at the end of June); this constitutes a sizeable burden on our external balance of payments.

### The longer term

As regards the longer term, the primary dictum should be that an attempt should never be made to improve the external balance by holding down our production growth



rate below its potential level, merely in order to reduce the consequential need for imported materials and fuel. If an adjustment has to be made on the side of imports, that should be in the sphere of end products. But we want to be as liberal as possible in our import policy, to let our consumers have what they prefer, to provide a stimulus, through competition, to efficiency in our own industry, and to play our part in getting a world-wide reduction of trade barriers, whereby our exports gain and our own balance is restored in a better way than by restricting imports. Deficits should be allowed to run on

for reasonable periods. This is a matter of skill; one must have one's hand on the tiller and the main sheet, always seeking to allow the greatest freedom to importation, and to that end sometimes letting reserves run down; but *never* should there be internal deflation, in the sense of under-use of our productive capacity, in order to reduce imports.

The main idea should be to work towards a 'normal' position, as defined above. From that one would proceed to restrictionist or expansionist measures, expecting them to correct deceleration or excessive acceleration in a fairly *short* period.

## Free Speech in Free West

SPEECH is not as free in Canada and the United States as it is in Britain, a British social scientist told the Canadian Conference on Children recently.

It is possible in England to discuss all problems and controversies, including Communism and Socialism, with complete freedom and without any fear, Sir Geoffrey Vickers said at the conference's closing luncheon.

"I do not think such freedom exists in North America today," he said.

"Looking west across the Atlantic, we seem to see untouchable orthodoxies almost as frightening as those to the East.

"There is a great slaughtering of

sacred cows coming over here, I think."

Sir Geoffrey, Research Chairman of the British Mental Health Research Fund, elaborated on his remarks in an interview.

Asked to name what he thought was an untouchable subject in North America, he replied: "The field of private enterprise and all that goes with it."

North Americans seem to be afraid to talk about social responsibilities of private enterprise or the alternative of public ownership, he said. There was no open suppression of views, but rather a subtle control which can be just as effective.

*From Toronto Globe and Mail*

## FOR U.N. PRESUMABLY

The most impressive advances in the field of energy planned in the U.S.S.R. are in respect of natural gas.

*From Petroleum Press Service*

## Inflation

(1) THERE have been a number of inflationary periods in the last seven centuries. There have been three periods, 1525-1650 (debasement of the coinage plus Spanish gold and silver), 1750-1790 (rise of banking?) and 1939-1946 (second world war) which witnessed a *permanent* upward shift in the price level. The inflations in the other two periods—1790-1813 (Napoleonic wars), and 1914-20 (first world war)—were followed by deflations of more or less equal severity, so that there was not a major permanent upward shift in the level of prices.

(2) There have been few periods of long-sustained deflations comparable in size and magnitude to the major inflationary periods. Omitting the deflations which merely reversed the price increases of the Napoleonic and first world wars, the only major long-run deflation is the one found in the nineteenth century.

(3) There are several long periods in history during which the trend of prices was neither inflationary nor deflationary, so that the price level was approximately stable.

(4) All long-run price trends, rising, falling or stable, are interrupted by short-run price fluctuations associated with such phenomena as cyclical variations in the level of business activity, good and bad harvests,

changes in the terms of trade, and many other "random shocks". These short-run variations are large and frequent enough to cause a bet on changes in the price level over so short a period as, say, ten years to be a most hazardous affair. In general, the shorter the period over which the price level variation is being considered, the more hazardous is the bet. A fifty-year period gives some margin in favour of inflation, a ten-year period gives very little, and a one-year period gives almost none.

(5) The three major inflations of British history have all been associated with large changes in the quantity of money: gold and silver associated with the discovery of America, credit money associated with the development of banking, and the monetary expansion associated with the deficit financing of the second world war. It is important to note, however, that, as it stands, this observation does not provide serious evidence in favour of the quantity theory of money. In order to provide any sort of serious test of the quantity theory, it would be necessary to show that the quantity of money did *not* increase substantially during the periods in which the price level did *not* rise, as well as to show that the quantity of money *did* increase during periods when the price level *did* rise.

*Extract from an article entitled "Does Money Always Depreciate"*  
by Dr. R. G. Lipsey; *Lloyds Bank Review*

## Cost of Technological Progress

AS the distinguished French economist, Jacques Rueff, has said:

All economic progress is nothing, basically, except an incessant struggle between the call of the future and the defense of the past.

We achieve progress by changing ways of doing things and replacing new products for old. This involves costs of junking machinery, plants, and even entire industries, which progress has made obsolete. More important, it involves losses of old jobs and values of old skills acquired out of years of experience as new jobs and new skills are created. There are thus not only losses for investors but losses of jobs for people. In the past we have accepted these costs of progress and that is an important reason why we have progressed so far. If we really want to speed economic growth, we will have to recognize and accept such costs.

The problem is symbolized by the so-called depressed areas where there are pockets of long-term unemployment. The tendency is to support these people where they are—and thus leave the problem unresolved—when the need is to encourage them to equip themselves for new and different jobs and, if necessary, to move where employment opportunities exist. The ability of the free society to survive and expand rests on the self-reliant adaptability of the individual.

In his thoughtful new book, *The Cost of Freedom\**, Professor Henry Wallich of Yale, presently on leave

as a member of the President's Council of Economic Advisers, suggests that a free society may not be able to compete with a totalitarian state—that more moderate growth may be a price of freedom. He would not want us to sell our "birthright of freedom for a mess of production accelerated by forced draft methods." The provocative question arises: is growth so important that we should adopt a totalitarian regime to get it? If so, we forsake our concept of the dignity of man and give up without a battle in the contest of ideologies.

### Individuals

But it is unnecessary to concede that our system cannot compete. Our national history shows that it can. After all, the basis of all production and all accomplishment is the individual—the industrious, self-reliant man striving to get ahead in life and giving value to money by being willing to work for it.

Perhaps our failures to realize more growth are merely symptomatic of undue preoccupation with providing increased income security to non-workers while loading higher taxes each passing year on work and production. The most vital thing we can do is revivify incentives to work and enterprise. It all comes back to the carrot or the stick. The tangible reward is more effective than compulsion to motivate men. Even the Russians have learned this lesson and have chucked overboard ideals of socialist egalitarianism. They plan to abolish income taxation entirely.

\*Harper & Brothers, New York, New York, 1960.

From First National City Bank Monthly Letter, New York

## Digest Reviews

### PACIFIC?

*Britain in the Pacific Islands*, by W. P. Morrell. O.U.P., 1960; 55s.

'The proper subject of history is not an area but a community'. Starting from this premise, Professor Morrell claims a remarkable cultural cohesion for the scattered Pacific community, particularly in the Polynesian zone. Moreover, the whole area has been profoundly influenced by British explorers, though not all as exemplary as Captain Cook, missionaries, traders and administrators. With little conscious imperialism, moreover, many of the Islands have become part of the Commonwealth. Many more might have: Hawaii, Tahiti and Samoa at various times requested British protection; Fiji only received it at the third time of asking.

Professor Morrell has undertaken the almost impossible task of disentangling and following the various threads of development and international conflict in the Pacific up to 1914 with a modern epilogue in which he somewhat caustically sums up attempts at international control as a system 'by which the European invaders of Africa and the Pacific were placed on the defensive by world opinion led by the European invaders of America'. Considerable space is devoted to missionary work and 'kingdoms' but though well aware that too often the Islands suffered 'victorianism' rather than Christianity, Professor Morrell refrains from

fashionable condemnation. The main tragedy of the Pacific community, to him, is that Europeans, finding a society well adapted to its environment exploiting its often meagre resources with no mean skill, set the Islanders problems of adaptation beyond their power to solve. Hope lies in the fact that their societies were dynamic rather than static. Though their security, one of Britain's best gifts to her Island territories, was shattered by the Japanese war, yet the other gifts she still has to offer, skill and experience, may still prove a lifeline by which Pacific Islanders may reach the 20th century without the complete wreck of their whole way of life. Tonga and Samoa seem to be reaching this shore and Fiji, once the vexed question of its immigrant Indian population is solved, could do so. In New Guinea, though the problems of change are enormous in themselves, they are already overshadowed by the chill winds of cold war which is beginning to spread over the Pacific—ironically emphasised by the Trusteeship Council's announcement at its current session that since its task in Africa was nearly completed, attention must now be concentrated on the Pacific!

M.M.

### TRIBALISM

*Land and Politics among the Luguru of Tanganyika*, by Roland Young and Henry Fosbrooke. Routledge and Kegan Paul, 1960; 35s.

Though there is a good deal of

detail about Luguru tribal tradition, the heart of this book lies in the conflicts depicted, resulting from economic and culture contacts with Europeans. Conversion to Islam or Christianity may have unexpected repercussions, as for instance, the replacement by patriarchy and primogeniture of the traditional succession by 'sister's son' which may tear the social fabric of lineal unity and authority. The authors are particularly concerned with the sociological reasons for refusing economical and agricultural changes, since, as one Field Officer expressed it: you can change a method of agriculture in six years but not a way of life. A detailed exposition of the event leading up to the 1956 terracing riots in the Uluguru mountain area indicates (despite some local political manoeuvring) that enough attention is not always given to the social changes wrought by technology. The authors conclude that perhaps only African leaders, already free of tribal ties, can persuade their fellow-countrymen to take those actions necessary for them to face the modern world instead of demanding 'tunataka desturi ya zamani'—we want the customs of old.

The importance and intricacy of tribal life even today in Tanganyika and Uganda is indicated in Audrey Richards' (edit.) *East African Chiefs* (Faber; 42s.). Each of the thirteen contributed essays details, with statistics, a tribal system and traces the changes wrought by British administration. The career histories of present chiefs symbolises the change

in their class, religion, education and previous employment, as the career of a latter-day Duke in England is often symbolic of our social revolution. Their ambivalent position is stressed—traitors and stooges if pushed along the path of progress by an alien power; inefficient if they refuse, and in either case liable to be brushed aside by the new de-tribalised African elite. A special section on the 47 chiefdoms of the Sukuma Federation emphasises the struggle with the new kind of African leader. In general the conclusion of the book seems to be that this area of Africa is neither too enfeebled nor westernised to make its own future; but the basic question of whether democracy is majority rule, or the kind of rule most people want, has yet to be worked out.

M.M.

### A MOST SUPERIOR PERSON

*Curzon—the end of an Epoch*, by Leonard Moseley. Longmans; 30s.

Leonard Moseley has written a lively and most readable book which makes an attempt to portray the very complex and temperamental character of George Nathaniel, Marquis Curzon of Kedleston. The tragedy which overtook Curzon just as the prize of the Premiership appeared within his grasp is faithfully and movingly told, a blow from which this brilliant yet unpredictable man never recovered. Mr. Moseley suggests that the flaws which appeared in Curzon's character arose from the experiences of childhood. Seeking affection from his parents,

he received only indifference. A governess who tortured the sensitive child, a preparatory school master who alternately beat and coddled his charges undoubtedly played their part in creating the arrogance and unreliability of the man whose formative years were so unhappy.

Only 39 when he became Viceroy of India, Curzon soon became involved in a conflict with Kitchener from which he emerged the loser. His subsequent relations with many leading figures in British political life such as Beaverbrook, Lloyd George, Baldwin and Winston Churchill are faithfully dealt with, revealing an unfortunate capacity for changing sides without regard to considerations of loyalty either to individuals or policies.

Mr. Moseley also gives full weight to the part played by the crippling physical disability from which Curzon suffered all through his adult life and deals sympathetically with the domestic crises through which he passed at various stages in his career.

All this makes absorbing reading and provides the opportunity of reassessing the part played by a man who left behind him "lasting monuments to his love of beauty and tradition" both in his homeland and in India. But, says the author, "in politics it was more by his disasters than by his triumphs that he left his footprints behind".

#### UPPER SIND FRONTIER

*John Jacob of Jacobabad, by H. T. Lambrick. Cassell; 63s.*

"Even now the name of Jacob works a miracle—it makes service on the Sind frontier popular". Mr. H. T. Lambrick quotes this epitaph of Lord Napier of Magdala, whose conquest of Sind has been subjected to different moral judgments and was the subject of an earlier book. Mr. Lambrick enjoyed his own distinguished service in Sind and is the best possible biographer of General John Jacob, who took part in the advance of the Honourable Company's forces up the Indus which was thus opened to commerce and denied to Russia-in-Asia. In 1828 a Bombay newspaper said that the neighing of the Cossack would soon be heard at its readers' doors.

The pacification and organisation of an important part of the Frontier on lines different from John Lawrence's in the Punjab; the raising of the Scinde Irregular Horse on the *Sillahdar* system extant in the Border Military Police of Dera Ghazi Khan though extinct in the regular Indian and Pakistan Cavalry; the invention of a rifle (not *the* rifle, whose origins went back to the American and French wars)—these are among the interests and achievements of that eccentric, experimental, stormy, generous, just, far-seeing bachelor who made and conceived many reforms and innovations. Jacob wanted the replacement of the Company's rule by that of an Imperial Crown. All in all, this great life given to India—Jacob never took furlough—makes an epic to which, at times, Mr. Lambrick's competent pen seems somewhat unequal.



### "LE GRAND"

*Secrets d'Etat*, by J. R. Tournoux.  
Plon (Paris); 13.50 N.F. (in France).

Dedicated "*pour mes enfants, contre la haine*", this crisp and brilliant successor to M. Tournoux' *Carnets Secrets de la politique* recalls in harrowing and dramatic sequence the nadir of the Fourth French Republic. Dien Bien Phu; the emergence of the "*paras*" as a political force, almost "Titoist" or "national socialist" in character; the Algerian uprising sustained by Cairo with the sympathy of international anti-colonialism; the meteoric Suez adventure; the new "*Cagoule*"; the arrival at length at the Elysée of General de Gaulle from his village *via* Algiers—these episodes are richly seasoned with secret documents and confidential conversations. They form part of what now seems tragically inevitable—the military-patriotic revolt against leaders who rewarded their gallantry with capitulation, and dressed their wounds with humiliation, first in Indo-China, then in the *Maghreb*, and an almost universal recall of Cincinnatus to save France from herself and republican institutions from their failure.

The book concludes aptly with some wise reflections upon the aims and character of the General.

### WHY SAVE?

*Saving in a Free Society*, by J. Enoch Powell. Hutchinson; 21s.

Mr. Powell (a former Financial Secretary to the Treasury) analyses the motives for personal and corpor-

ate saving; compares the relative importance of mortgages, hire purchase, life assurance, National Savings, bank deposits, securities and gambling; and examines the effect of interest rates, inflation and taxation on the amounts saved in these forms. His book provides closely reasoned argument which challenges many widely-held views. The central principle emphasised by his analysis is that the level of saving is best determined by the spontaneous decisions of individuals in a free market.

Mr. Powell is critical of increasing governmental spending and urges that it is essential to reduce the proportion of personal incomes collected in direct taxation. He also criticises National Savings which he suggests have now remarkably little connection with saving and he says: "The important question about National Savings in the second half of the twentieth century is whether it is a good thing for the Government to borrow in this form what it intends to borrow anyhow". The publisher points out that Mr. Powell completed the MS. of this book before he was invited to rejoin the Government in July last.

### EUROPEAN ESSAYS

*Essays in European Economic Thought*, edited by Dr. Louise Sommer. Van Nostrand; \$6.00.

This book brings together for the first time in English translation seven important essays in economics written in Europe in the past decades, selected from the extensive literature in this field published in German, French and Italian.

The collection includes Carl Menger's "Towards a Systematic Classification of the Economic Sciences" and Friedrich Freiherr von Wieser's "The Theory of Urban Ground Rent." The other essays selected for this volume are : "A Critical Examination of Current Doctrines Concerning Wage Rates and Unionism" by Ludwig Pohle; "The Nationalization of Credit" by Ludwig von Mises; "The Place of Mathematical Reasoning in Economics" by Paul Painlevé; "A Letter to the Advocates of a Controlled Economy" by Jacques Rueff; and "The Doctrine of Original Sin and the Theory of the Elite in the Writings of Frederic Le Play" by Luigi Einaudi.

### NEAR EAST

*Common Sense about the Arab World*, by Erskine Childers. Gollancz; 6s.

*Cyprus and Makarios*, by Stanley Mayes. *Common Sense Series* 5. Putnam; 30s.

The recent history of the eastern Mediterranean and the Middle East makes a gloomy study. The Arab world never stands still and though as we write President Nasser has been isolated by King Hussein's success at U.N.O. and Jordan's recognition of Republican Iraq as well as by the resentment felt by North African and other rulers at the U.A.R.'s pretensions, the situation may have changed again by the time these words appear in print. Nevertheless Mr. Childers has written an interesting brief survey free from most of the bias of his *Spectator* articles about

the machinations of Britain, France and Israel.

There is no peace in the Levant and the Middle East and Mr. Stanley Mayes is not hopeful of the future of Cyprus. He is pessimistic about the Republic becoming a valued member of the Commonwealth and has few illusions about Archbishop Makarios upon whom many British interests are now centred. Mr. Mayes gives a lively, though depressing, account of the Cyprus question and brings out the responsibility for the failure to reach a more satisfactory conclusion of leading Labour M.P.s who encouraged the belief that a Socialist Government would grant Enosis.

### ROUND THE WORLD

*The Year Book of World Affairs 1960*. Published under the auspices of the London Institute of World Affairs. Stevens and Sons; 50s. (in U.K.).

"Year Book" is a somewhat misleading title to those who do not know this annual anthology of articles on different aspects and different theatres of international affairs.

Actual problems reviewed include those of Pan-American relations, North Africa, under-developed countries (Mr. Creighton L. Burns of the University of Melbourne writes well on the Colombo Plan) and the disputed issues of fishing rights and claims in North-West Europe.

The essay on the Balance of Power by Professor Morton A. Kaplan of the University of Chicago, would be fascinating but for its intolerable and



sometimes incomprehensible, if not meaningless, academic jargon. There are worse examples than the following: "Nations, however, must make their decisions at a level of specificity that is consistent with the theoretic constraints, but not spelled out by them." Of the theoretical contributions, the best is that on "Future Trends in Warfare" by the Master-General of the Ordnance, that humane and enlightened soldier, Sir John Cowley.

### UNE ET UNDIVISIBLE?

*Algerie: le Chemin de la Paix*, by Jacques Soustelle. Centre d'Information pour les Problemes de l'Algerie et du Sahara.

*Apres l'Echec du Sommet: l'Algerie et l'Orient*, by Jacques Soustelle. Conference des Ambassadeurs. Edited by André and Guy David. 1.20 N.F.

Intellectual and man of action, Monsieur Jacques Soustelle is a formidable force out on the Gaullist flank. His plea for the rejection of President de Gaulle's plan of autodetermination for Algeria, which the General hopes would be in favour of the French connection, and for the integration of Algeria into Metropolitan France is nobly and clearly argued. It certainly evokes echoes in the new French Army which, like Monsieur Soustelle, is by no means Right in the old-fashioned sense but socially advanced, having learnt much in Indo-China and North Africa.

The second of these two brochures is the text of a lecture delivered on the 2nd June, 1960, on the wider international scene but it returns to

the danger to France, Europe and the West of what the writer calls the dictatorial, racist and fascist regimes of the Middle East.

### NORTH AND SOUTH OF THE ZAMBESI

*Curtain-up on South Africa. Presenting a National Drama*, by Garry Allighan. T. V. Boardman and Co.; 21s.

*A Tourist in Africa*, by Evelyn Waugh. Chapman and Hall; 16s.

Ignorant and sanctimonious judgments of South Africa doubtless helped to swell the republican vote in the Referendum and have done damage to the Commonwealth in Southern Africa. Mr. Garry Allighan's book is therefore welcome for presenting a more balanced impression of the Union than can be obtained from most of the media of mass information. He criticises, but with sympathy, the Afrikaners and South African Nationalism but in so doing is rather hard on the English-speakers and the British record.

By contrast, Mr. Evelyn Waugh's travelogue is slim in size and also in content. Nothing could be lighter and the blurb recommends this diary of a trip to British East and Central Africa as inducive of sleep in the most stubborn insomniacs! The author patronises Rhodes—and almost everyone. He has some good *mots* about such matters as Empire and class.

### UNKNOWN PIONEER

*Sir George Goldie and the Making of Nigeria: By J. E. Flint.* Oxford University Press. 30/-

With the advent of Nigerian

independence within the Commonwealth, this is a particularly appropriate moment for the publication of the biography of Sir George Goldie who played so large a part in the creation of Nigeria as a British colony. Founder of the Royal Niger Company, Goldie ranks with Rhodes as a pioneer though his name is little known. This is not surprising for Goldie systematically destroyed all his papers before his death and during his life he refused to make any information available from which a biography could be written. The author has had to rely on records now made available from government sources and from private papers and he succeeds in conveying to the reader something of the energy and dynamism of this unknown empire-builder

### BALANCE OF POWER

*Trade Unions and the Government*  
By V. A. Allan. Longmans. 35/-

*Unions in Prosperity.* By Frank Bealey and Stephen Parkinson. Barrie & Rockliff. 3/6d. (paper).

Dr. Allan's study provides an analysis of the relationship between trade unions and the government. He describes the main forces which have brought unions and governments into contact with each other, the forms such contacts have taken and the extent to which unions have influenced government policy. In the final chapters he summarises the power and influence wielded by the trades unions. He does not accept the view that the unions are excessively powerful or a threat to political democracy and he comments "it would be preferable if the power of other organised groups in society were as constructive and directed with such social purpose."

*Unions in Prosperity*, the latest in the series of *Hobart Papers*, takes a rather different view. In Part I, Mr. Bealey studies the history of trade unions; their varying economic, industrial and political power, and their changing relationships with governments, employers and political parties. Stephen Parkinson reaches

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the conclusion that "the 90 year-old union machine has failed to adapt itself to new social conditions."

### POILUS AND PALADINS

*Promenade in Champagne. A Novel.*  
By David Johnson. Hodder & Stoughton. 15s.

A more humourous, more staccato Henry Williamson brings to life the Nivelles offensive of 1917 in the collective person of the glorious Angevin Regiment of Infantry. A former English soldier, the writer illustrates to perfection the French qualities and *elan* different from, but complementary to, the military virtues of the British. He describes graphically but with economy the sweat, rats and lice, the weariness and wounds, but also the grandeur of one of the finest armies the world has known.

In line with Mr. Johnson's excellent earlier book, *Sabre General*, featuring the hero's ancestor who served the Emperor, this is one of the best novels of the year. There are no longueurs, the dialogue is crisp.

### SHORTER NOTICE

*The Fort of San Lorenzo. By Marie Forestier.* Hodder and Stoughton. 15s.

A well translated and exciting tale of the guerrilla in the Peninsula, full of life, love and colour.

*Great Parliamentary Occasions. By J. Enoch Powell, M.P., Herbert Jenkins.* 13s. 6d.

The new Minister of Health used part of his period in the parliamentary wilderness (he resigned from the Treasury with Mr. Chancellor Thorneycroft) to collect, and connect with brief notes, B.B.C. broadcasts each describing a great and dramatic episode in the history of the Mother of Parliaments.

We learn how Mr. Speaker became what he is and how Richard II was deposed with a semblance of legality such as accompanied the murder of Charles I—his attempt to arrest the Five Members is another of Mr. Powell's episodes. Others again include the Lords' division on Habeas Corpus, Pitt's speech against the Slave Trade and Burke's against the coercion of the American Colonies, the shoddy Bradlaugh Affair and the Prayer Book debate of 1927.

*Our Chief of Men. The story of Oliver Cromwell. By Bernard Martin.* Longmans. 8/6d.

This portrait of Oliver Cromwell is intended mainly for the young reader. It is written in a simple and straightforward manner, largely avoiding the complexities of the religions, political and other controversies of the times.

*The World of Adam Smith. By C. R. Fay.* Heffer. 15/-

An expansion of some lectures given by the author at Toronto in 1958, this is a study of Adam Smith in relation to the economy of his age as mirrored in *The Wealth of Nations*

## Rural Economy

### (1) WORLD AGRICULTURAL HIGHLIGHTS

THE following are highlights from the annual report of the Food and Agriculture Organization (*The State of Food and Agriculture—1960*). The report is based on information available as at 30th June, 1960.

Preliminary estimates made by FAO for world agricultural production in 1959/60 show a rise of about two per cent over 1958/59, slightly exceeding the annual population growth rate of 1.6 per cent.

In 1959/60 the biggest increases in total agricultural production were in Western Europe (about four per cent) and the Far East, excluding Mainland China (more than three per cent). The only decline was in Africa (about one per cent), while in the Near East and Oceania there was no change.

Striking advances in 20th-century agricultural science have mainly had pact in North America, Europe and Oceania. There increased production came largely through higher yields. In less-developed regions production increased primarily by expanding acreage.

The centre of gravity of the world food problem remains the Far East—at least 11 million more mouths to feed each year (excluding Mainland China).

On the whole the gap between food supplies in the more and less-developed regions has tended to widen rather than narrow in recent years.

Total grain stocks in the major exporting countries, including normal

carry-overs, now amount to the unprecedented figure of 126 million tons . . . almost four times as much as in 1952.

Coffee stocks were up, coarse grains up, cotton down, and for wheat, sugar and most other major agricultural commodities the expansion of stocks seemed to have been halted, at least temporarily.

The improved economic situation in the industrialized countries appears to have had only a limited effect on the agricultural exporting countries.

In 1959 "exports of agricultural products as a whole increased in volume by about six per cent" over 1958. Average unit values of agricultural exports declined by a further three per cent and "the total value of agricultural exports thus rose by only three per cent."

Volume and value of agricultural raw material exports in 1959 rose by about 10 per cent over 1958, but their value still "remained some 14 per cent lower than in 1957".

"Unit values of exports from the U.S.S.R. are usually higher than the average level in world trade. This appears to be mainly because trade exchanges with countries of Eastern Europe are determined by special agreements, in which prices are not closely related to world market prices but are usually at a higher level". Apparently adjustments had been made when these prices diverged widely from world price levels.

FAO index of world agricultural

*From Food and Agriculture Organisation of the United Nations*

production (excluding Mainland China) stands at 115 for 1959/60 compared with 113 for 1958/59. On per-caput basis the index for the two years remains stationary at 106. The base period is 1952/53—1956/57 (100).

With the same base year the index

for food products for 1959/60 is 115, while for 1958/59 it is 114. On per-caput basis the index for the two years is unchanged at 107.

As far as could be judged at the end of June 1960, the outlook is for "larger world production of most commodities in 1960/61".

## (2) DANISH FARMERS' FEARS

BOTH industry and agriculture in Denmark have been enjoying rapid growth since the government relaxed its monetary policy in 1958. Recently, however, the buoyancy of domestic demand has resulted in an excessive growth of imports and the economy has shown signs of pushing against the full-employment ceiling, with threats to both the price level and the balance of international payments. To counter these, the central bank has again tightened its credit policy.

Exports have been growing rapidly, and the share of industrial products in the total has increased to more than 40 per cent, reflecting wider diversification. As recently as 1953, industrial goods accounted for only 25 per cent of exports. A small country suffering from a relative lack of industrial raw materials and power resources, Denmark wisely has avoided trying to compete within the field of staple goods which are being produced by automated factories in larger nations. Instead, Danish industrialists have concentrated on goods of very high quality and of unique design and construction, and have been successful in many foreign markets.

### E.F.T.A. and E.E.C.

At present, Danish industry is

optimistic about selling more to the other countries of the European Free Trade Association—Austria, Great Britain, Norway, Portugal, Sweden and Switzerland. Like her EFTA partners, however, Denmark sends a large proportion of her exports to the six Common Market nations and fears that her sales of industrial goods may eventually suffer from tariff discrimination there.

In addition, Denmark is worried about the effect of the Common Market on her agricultural exports. Famous for their efficiency, Danish farmers operate successfully without subsidies and have only one trade enemy—agricultural protectionism in other countries. The nations of the Common Market do not plan a simple freeing of trade in agricultural products among themselves, as will occur in the case of industrial goods. Rather, they plan to establish a uniform agricultural policy and market which will retain many of the subsidies and other forms of protection now in effect in the six countries. Denmark's worry is that the uniform market will be more protected than the markets of the six are at present and that agricultural output within the Common Market will be artificially stimulated, to the detriment of outside suppliers.

*From The Morgan Guaranty Survey, New York*

### (3) SUBSIDIZED EXPORTS

ABOUT 60 per cent of all U.S. farm exports in the past three years was subsidized by the U.S. Treasury. In the 1956-57 to 1958/59 period, total farm exports were valued at \$12.4 billion. Exports under special programmes like Public Law 480 and the Mutual Security Section 402, plus a U.S. Foreign Agricultural Service estimate on governmentally assisted commercial exports, show a

total value of \$7.5 billion in the three year period. Regular commercial farm exports during this time are valued at \$4.9 billion.

The U.S. exports that needed most of the assistance in finding a market in the world were bread and feed grains, cotton, certain vegetable oils and oilseeds, certain dairy products and dry edible beans.

## No Sugar Daddy?

### UNITED STATES AND CUBA

COMMENTING on the action of the United States in cutting the quota for Cuban sugar, the *International Sugar Journal* for August, while agreeing that it is not surprising that American patience should have come to an end, expresses the opinion that the bitterness of the Cuban people against the United States and their readiness to depend on the U.S.S.R. are likely to increase and that the United States will have lost its prestige as leader of the free world in the eyes of the countries of Latin America which, while they will happily accept increased quotas, will view with cynicism the explanation for the cut and the early announcement of fresh economic aid to Latin American countries other than Cuba. "Thus the American decision has placed her in a perfect position for denunciation by Communists as the big bully, dominated by business interests, while also permitting—even encouraging—the growth of Commu-

nist influence in the Western hemisphere by giving it toe-hold in Cuba.

"The result is one which is likely to be more costly to the United States than the loss of all the investments in Cuba put together. Finally, since sugar production in the countries supplying sugar to the U.S. is likely to expand, the supplies to the free market are probably going to be reduced less than the available sugar from Cuba. Even with a statistical balance, prices are low; with excess supplies the market is liable to be very depressed in the future." This assessment would appear to have been written before the announcement of Red China's agreement to purchase Cuban sugar and before the New York spot price had moved into the 3.25/3.45 cents range which early in August resulted in the raising of I.S.A. export quotas to 105% of basic tonnages. The price has since relapsed to around 3.25 cents.

*From Commonwealth Producer (British Commonwealth Producers' Organisation)*



## Civilization and Local Sovereignty

By NOËL STOCK

IT is advisable for anyone wanting to conserve a tradition or a 'way of life' first of all to do some stocktaking to discover precisely what it is he wishes to conserve. One reason, the main reason perhaps, why sincere apologists of 'free enterprise' have had so little success is that they have not properly defined 'free enterprise' and have in fact allowed—not even allowed, have never even recognised it as something distinct from another and in many ways opposed type of mercantilism which has long since usurped that convenient label. And so, using a false terminology which they found already prepared for them, and to which a misleading selection of historical so-called 'facts' had been firmly attached, these apologists have failed to distinguish two types of mercantilism: one, a mercantilism of personal probity with responsibility to a definite locality; and the other, an international mercantilism, responsible, in the end, only to itself.

I do not wish to push this distinction too far, as there is certainly some overlapping, nor do I wish to make excessive claims for the mercantilism of personal probity, the faults of which are recorded in accessible history; but that aspect of it especially relevant to today is the fact that it existed as something visible, something everybody could see, operating within a context over which the participants had some sort of control. It was a context in which personal

probity was possible as something positive and not just as a negative withdrawal. It was not an unlimited 'free enterprise', but 'free enterprise' within the bounds of reason and commonsense, as those terms were understood in the 18th century; it was the same to which John Adams referred when he said it was very unmercantile to do business on borrowed capital.

### Supranational

International mercantilism on the other hand, which is firmly convinced of its own super-sovereignty, has no definite locality, in any organic sense, and consists largely in the right to do business anywhere, anytime, but even more to say what is good for "all men" and to force societies to follow its own blueprint. It operates within a context so enormous and complex as to render personal probity, in the positive sense, an impossibility, and its history is one of continual evasion of personal responsibility by means of corporative, joint-stock and other devices. This mercantilism is visible from at least the time of the Tudor goldsmith, Sir Thomas Gresham, who was agent for Dutch finance and responsible more than any other man, except perhaps Charles II, for the introduction of the worst aspects of international mercantilism into England. Gresham began the process by forcing a reform of the coinage in the

*From Agenda*

16th century which linked England to the international system; Charles threw the way open to its fulfilment by his coinage legislation of 1666-67.

It should be made clear at this point that doing business on an international scale is not necessarily the same thing as international mercantilism. The Alberti family of Florence, and later the Medici, were bankers and businessmen who had dealings in many parts of the world; but they remained Florentines; their money was used to glorify Florence, not by a dumping of large sums for spectacular effect, but by the employment of the best living artists and librarians for the establishment, in Florence, of a cultural vortex which attempted to discriminate and draw to itself the best the world had to offer. It was a civic or 'parochial' culture but it was guided by international *criteria* and itself established criteria to guide the rest of the world. This culture of international criteria must not be confused with today's cultural internationalism, close brother of international mercantilism, which fears the protection of great art because great art can be achieved only by the intractable few.

In the past great literature has been used (as L. R. Lind said of Latin poetry) to express "the facts of some branch of learning or information." The tragedy of our culture has been the separation of monetary knowledge from general literary culture. Not only has literature suffered, but monetary history as well. The branch of learning called Economic History has become a complicated gadget for

the collection of 'proof' that 'great progress' has taken place, is taking place, and will continue to take place so long as we continue to ignore such purely literary considerations as quality and perfection of design and form. The past is made to conform to ideas and terminology manufactured under the influence of international mercantilism, and where it cannot be made to conform, then it is 'wrong'.

Perhaps the greatest single loss caused by the clichés of international mercantilism has been the loss of the knowledge that a long line of divergent thinkers struggled during several thousand years towards a common ground, namely clarification of the idea of an efficient mechanism of exchange compatible with Justice. The Christian maxim that the sabbath was made for man, not man for the sabbath, was understood in relation to particular application in the Greece of Aristotle, and in China earlier still. Aristotle saw that the true purpose of an economic system is to facilitate the exchange of goods and services as smoothly and equitably as possible; and that goods and services do not, or should not, exist to facilitate the buying and selling of money. He saw money as governed by law and subject to the *will* of man. The same urge towards clarification of this matter is visible in Cicero and St. Ambrose of Milan; in a number of Roman and Byzantine emperors and historians; we find it in the troubadour Pierre Cardinal, in Dante, and in Shakespeare. It is present in a long line of more recent thinkers



whose differences have been served up in abundance, as their essential unity in struggling towards this common ground has not. Such thinkers as Swift (*Examiner*, 1710), Voltaire, Berkeley (*Querist*, 1750), Hume (*Political Discourses*, 1752), Samuel Johnson, Franklin, Adams, Jefferson, Gibbon, Shelley, Cobbett, Ruskin, etc. Marlowe, when he wrote "Base bullion for the stamper's sake we allow", was condensing into ten syllables a good deal of past history which since his time has been all but lost in the welter of bullionist theories and their offspring.

### Cross of Gold

The idea of mercantilism of personal probity was strong in the American Colonies and early United States and was carried into national policy by a number of Presidents: Adams, Jefferson, Jackson, Van Buren, Tyler, Polk, Lincoln and Johnson. It is entirely appropriate to our age of 'brainwashing' that Andrew Jackson who spent his life attempting to preserve the concrete elements of local and national sovereignty has been served up in our day as a sort of symbol of the New Deal. The image of Lincoln the country hick has unfortunately overshadowed that other Lincoln, who, in his Fourth Annual Message, a few months before his death, suggested a scheme for spreading the national debt among ordinary people.

It is a tragic fact that if people do not look after their national history, they will lose it, one way or another.

In his *Fluctuations of Gold* (1838),

Alexander Von Humboldt warned that the world's supply of gold could not possibly keep pace with the needs of humans and of commerce, but people were in no mood for scientific exactitudes which called for the exercise of monetary intelligence. In Prussia, Von Schultz raised a voice in favour of national independence outside the international system, as did Sir William Harcourt, in England; but to no avail. International mercantilism achieved final victory with the war of 1914, after a series of surreptitious currency alterations in various countries during the second half of the 19th and early 20th century.

Since 1914 the fight between 'free enterprise' and 'government control' has been very largely a sham fight and has served to bamboozle further, an already bamboozled public. The Great Depression and New Deal placed this struggle permanently upon the national and international stage—two errors at one another's throats, out of which no good can possibly come.

It should be remembered that international mercantilism has contributed little or nothing to the sum of human knowledge. The machines it uses, and all its key ideas, are the products of a cultural struggle lasting thousands of years. Its enormous material power lies simply in the correlation of machines the basic components of which were invented and developed during an earlier period. International mercantilism is, in fact, a parasite, living almost entirely upon the past.

Against this 'controlled chaos' (under which, for example, the Belgian government was forced in recent years to borrow Belgian money in New York, to the advantage of neither the people of Belgium nor of the United States) the salvation of what is left of 'western civilization' would

seem to me to require some restoration of the mercantilism of personal probity; some system under which it would again be possible for a definite locality to maintain local sovereignty in local affairs by the control of purchasing-power needed for local purposes.

## The New Communist Class

HOW far has the theory of Marxism managed to establish an egalitarian society? A glance at life in the Soviet Union and in the Satellite States makes it quite clear that class distinctions are far from having been abolished. The Communist principle of perfect equality among men has now become a myth, only suitable for export to sympathizers in the free world. The truth is that a new privileged class has sprung up in all countries under a Communist regime. In order to belong to this class, it is necessary to be a faithful Party member. By creating a solid group of supporters, who are anxious to remain in the good books of the State leaders, the Soviet Government is making it all the more difficult for popular discontent to have any tangible effects.

During the early days of the Russian Revolution it was laid down that no skilled worker or member of the Government might receive a wage higher than double that of an unskilled worker. However, this rule was progressively ignored, until in 1931 Stalin finally put an end to what he called 'equalitarianism.' Thus, the new social *elite* was given official permission to take full

advantage of the situation. Despite the dangers of periodical purges, which have already brought about serious changes, there still remains a Soviet *elite*; the proof that wealth is very unequally distributed is that a so-called shock-worker may receive twenty times more than the lowest paid worker.

### Bureaucracy

The bureaucratic upper class of the Soviet Union not only receives higher wages than the simple worker, but is also better treated by the social insurance legislation. This proves that Communism prefers to help those who play an active part in maintaining the regime rather than those who are really in need. Only after working twenty-five years may one obtain a respectable old age pension. The widow of a worker receives a pension equal to the full average wage of the deceased breadwinner only if she has two dependent children. But the widow of a high-ranking Government official, a member of the armed forces, a star actor and the like, receives a large lump sum, a pension for herself, and one for each child under age in proportion to her social position.

*From N.A.T.O. Letter.*

The trade unions cannot do anything about this, since they are controlled by the State, and wages, working conditions, holidays and such matters are fixed by higher authority. The only task allotted to trade union leaders is to carry out the plans for higher productivity.

### Party Privilege

The social situation in Bulgaria after fifteen years of Communist rule provides innumerable examples of how far Marxist practice has deviated from theory. It is estimated that the new *elite* there enjoy a standard of living at least ten times higher than that of the average Bulgarian. Here again, the advantages do not consist in better wages, but also in many other facilities, such as bonus schemes, special food stores, cars, lodging accommodation, etc. In fact, most of the help and comfort provided by the State goes to

party functionaries; and since price reductions usually apply to luxury goods, they do not affect the ordinary worker, whose basic living expenses always remain high. There are two cases in which the rights of the privileged class appear particularly unfair. One is the special medical attention they receive in the two most modern hospitals of Sofia, exclusively run for the active supporters of the regime. The other is the system of selection for entry to high schools and universities in which the criterion rests upon political discrimination.

In such circumstances all that can be said is that, although Communism has brought about fundamental social changes, it has failed to create a classless society or a real worker's state, facts which cannot fail to be noticed—however reluctantly—even by well-wishers abroad.

## Two CDCs in the Cameroons

By M. MORTIMER

WHETHER the Cameroons Trusteeship area elects next year to join independent Nigeria or the Cameroon Republic, the economic viability of the area will remain bound up with the prosperity of the Cameroons Development Corporation, which in turn will be dependent to a large extent on the Colonial Development Corporation.

Since the Federal Nigerian Government has cut off aid to the Cameroons, and this is reasonable enough since there is no guarantee that they will join the Federation and

Nigeria has already sunk a good deal of capital in Cameroon Development, public services in the Cameroons have to be supported by the already slender revenues; these in turn rely on the annual grant from CDC profits.

The Cameroon Government of Mr. Foncha can therefore only be relieved at the successful negotiations with the Colonial Development Corporation which is not only providing a loan of £3 millions but is to take an active managerial part in the greatly accelerated development

plans to be put into operation by the Cameroons Corporation.

### Optimism

The Report for 1959 shows every reason for optimism despite the devastating storm which destroyed something like two million banana plants, halving production. For production for oil palm products and rubber were the highest yet recorded (4,168 tons palm oil, 2,128 tons palm kernels and nearly 6 million lbs. of rubber). There were also steady increases in the smaller crops: pepper, timber, cocoa, coffee, while for the first time tea (24 tons) was commercially produced.

The Southern Cameroons Government has reaped a benefit of £295,390 from these developments. (This includes the £16,078 unappropriated profits of the Corporation from 1958.) There is of course a number of benefits and services provided for which no exact accountability can provide. Apart from the expert agricultural development of

the country; the training of Cameroonianians and their wages, there are large scale health and social services attached to the Corporation whose standards have far wider effects than on those directly affected. Basic water, electric and transport services have been evolved. Two thousand children attend Corporation schools, which also makes an annual grant of £5,000 to the Government for secondary education awards.

Without wishing the Southern Cameroonians to sell their birthright for a mess of pottage, and their fear of being swamped by Nigeria is a real one, their economic and political future as a Federal Province seems at present brighter than that as the smaller half of a Cameroun which is far from united. Moreover if the followers of Felix Moumie by mischance came to power, their promised nationalisation of resources on the Russian model does not augur well for either of the CDCs at present functioning so adequately in the Cameroons.

### DEVELOPMENT PLAN FOR SASOL

SASOL, the world's largest oil-from-coal plant, is to spend another £3.5 million on developments in order to increase production to 40 million gallons of petrol a year. Last year the plant produced 35 million gallons

and had a turnover of £8,197,000. The new development scheme is to be partly financed from income and on completion (middle of next year) will round off the first phase of development costing £48 million.

*From Industrial News, South Africa*

### MEMORY PROMPTERS

A new Permapad memory prompter has now been produced by Fonadek (Branson) Ltd. It has a handsome gilt frame and is covered with imitation leather and is moderately priced. De Luxe models are also available covered in solid Morocco Leather. Here is an idea for a Christmas Gift for the business man.

## Readers' Commentary

### "THE BRITISH PEOPLE NEED NO TUNNELS"

says Major-General Sir Edward Spears

Sir,

This article can be welcomed because it demonstrates the quality of the opposition to a Channel Tunnel.

In the first paragraph we are told that by 1965 the Air Transport Companies will meet all requirements for transporting cars. But a few paragraphs later we find this: "Quite inevitably the Tunnel would become the predominant link with Europe."

Again, the financial arrangements which can provide the Tunnel without Government contribution are attacked; but then we are told that "the Government to justify the immense investment in the Tunnel would be bound to attract traffic even by the highest of subsidies."

Our shield against the new threat of attack from the sky "is always the courage of our people and their intelligence". But these qualities are apparently quite incapable of coping

with the frightful menace of a Tunnel. The official War Office view was stated in three words in 1955 by the Minister of Defence (now our Prime Minister) who, when asked to what extent defence considerations now affected the proposal to build a tunnel, replied: "Hardly at all".

Fear is a poor counsellor; and it is odd that so distinguished a soldier should appeal to it. Fear can blind us to the real danger—the divisions in the free world that could enable the unfree world to take over.

Mr. Khrushchev will have his own reasons for applauding Sir Edward Spears' conclusions. Needless to say, they will not be Sir Edward's reasons; and it is fortunate that the readers of this *Digest* are intelligent enough to evaluate both.

M. A. CAMERON,

London, N.W.1.

10th October, 1960.

Sir,

While Mr. Cameron's article in July is very interesting the points in favour of the tunnel are hardly convincing. The arguments against are fully and convincingly put by Sir Edward in October.

To the ordinary person it seems that the immense amount of material and labour involved might be used much better in other ways. Modern transport seems able to deal with today's traffic, and is it really so im-

portant to reduce the time between London and Paris by a couple of hours?

In the event of war it would be rendered useless to either side. It is difficult to see how, today, there can be enough arguments in its favour, it would appear to be superfluous.

M. PARRINGTON,

Lawford, Essex.

17th October, 1960.

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